



94TH GENERAL ASSEMBLY

State of Illinois

2005 and 2006

HB0650

Introduced 1/28/2005, by Rep. Jack D. Franks

SYNOPSIS AS INTRODUCED:

35 ILCS 105/3b new
35 ILCS 120/2-75 new
30 ILCS 805/8.29 new

Amends the Use Tax Act and the Retailers' Occupation Tax Act. Provides that, notwithstanding any other provision to the contrary, no tax shall be imposed under those Acts upon the privilege of using in this State (for the Use Tax Act) or persons engaged in the business of selling at retail (for the Retailers' Occupation Tax Act) an individual item of clothing or footwear designed to be worn about the human body that (i) is purchased for a selling price of \$200 or less and (ii) is purchased from 12:01 a.m. on the first Friday in August through midnight of the Sunday that follows 9 days later. Provides that a unit of local government may, by ordinance adopted by that unit of local government, opt out of the tax holiday and continue to collect and remit the tax imposed under those Acts during the tax holiday period. Provides that articles that are normally sold as a unit cannot be priced separately and sold as individual items in order to be subject to the holiday. Amends the State Mandates Act to require implementation without reimbursement. Effective immediately.

LRB094 04101 BDD 34121 b

FISCAL NOTE ACT
MAY APPLY

STATE MANDATES
ACT MAY REQUIRE
REIMBURSEMENT

1 AN ACT regarding taxation.

2 **Be it enacted by the People of the State of Illinois,**
3 **represented in the General Assembly:**

4 Section 5. The Use Tax Act is amended by adding Section 3b
5 as follows:

6 (35 ILCS 105/3b new)

7 Sec. 3b. Tax holiday for clothing and footwear.

8 (a) Notwithstanding any other provision to the contrary, no
9 tax shall be imposed under this Act upon the privilege of using
10 in this State an individual item of clothing or footwear
11 designed to be worn about the human body purchased at retail
12 from a retailer if that item of clothing or that footwear (i)
13 is purchased for a selling price of \$200 or less and (ii) is
14 purchased from 12:01 a.m. on the first Friday in August through
15 midnight of the Sunday that follows 9 days later. Any discount,
16 coupon, or other credit offered either by the retailer or by a
17 vendor of the retailer to reduce the final price to the
18 customer shall be taken into account in determining the selling
19 price of the item for purposes of this holiday.

20 (b) A unit of local government may, by ordinance adopted by
21 that unit of local government, opt out of the tax holiday
22 imposed by this Section and continue to collect and remit the
23 tax imposed under this Act during the tax holiday period.

24 (c) Articles that are normally sold as a unit must continue
25 to be sold in that manner; they cannot be priced separately and
26 sold as individual items in order to be subject to the holiday.
27 For example, if a pair of shoes sells for \$250, the pair cannot
28 be split in order to sell each shoe for \$125 to qualify for the
29 holiday. If a suit is normally priced at \$250 on a single price
30 tag, the suit cannot be split into separate articles so that
31 any of the components may be sold for less than \$200 in order
32 to qualify for the holiday. However, components that are

1 normally priced as separate articles may continue to be sold as
2 separate articles and qualify for the holiday if the price of
3 an article is less than \$200.

4 Section 10. The Retailers' Occupation Tax Act is amended by
5 adding Section 2-75 as follows:

6 (35 ILCS 120/2-75 new)

7 Sec. 2-75. Tax holiday for clothing and footwear.

8 (a) Notwithstanding any other provision to the contrary, no
9 tax shall be imposed under this Act upon persons engaged in the
10 business of selling at retail an individual item of clothing or
11 footwear designed to be worn about the human body if that item
12 of clothing or that footwear (i) is purchased for a selling
13 price of \$200 or less and (ii) is purchased from 12:01 a.m. on
14 the first Friday in August through midnight of the Sunday that
15 follows 9 days later. Any discount, coupon, or other credit
16 offered either by the retailer or by a vendor of the retailer
17 to reduce the final price to the customer shall be taken into
18 account in determining the selling price of the item for
19 purposes of this holiday.

20 (b) A unit of local government may, by ordinance adopted by
21 that unit of local government, opt out of the tax holiday
22 imposed by this Section and continue to collect and remit the
23 tax imposed under this Act during the tax holiday period.

24 (c) Articles that are normally sold as a unit must continue
25 to be sold in that manner; they cannot be priced separately and
26 sold as individual items in order to be subject to the holiday.
27 For example, if a pair of shoes sells for \$250, the pair cannot
28 be split in order to sell each shoe for \$125 to qualify for the
29 holiday. If a suit is normally priced at \$250 on a single price
30 tag, the suit cannot be split into separate articles so that
31 any of the components may be sold for less than \$200 in order
32 to qualify for the holiday. However, components that are
33 normally priced as separate articles may continue to be sold as
34 separate articles and qualify for the holiday if the price of

1 an article is less than \$200.

2 Section 90. The State Mandates Act is amended by adding
3 Section 8.29 as follows:

4 (30 ILCS 805/8.29 new)

5 Sec. 8.29. Exempt mandate. Notwithstanding Sections 6 and 8
6 of this Act, no reimbursement by the State is required for the
7 implementation of any mandate created by this amendatory Act of
8 the 94th General Assembly.

9 Section 99. Effective date. This Act takes effect upon
10 becoming law.